



July 22, 2004

Mr. Herbert W. A. Thiele
County Attorney
301 S. Monroe St.
Tallahassee, FL 32301

Re: Summary of the Sale of the Stock of Progress Energy Solutions, Inc.
To Energy Systems Group, LLC

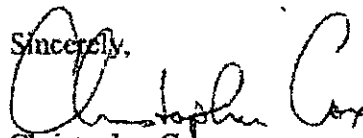
Dear Mr. Theile:

This confirms that on July 9, 2004 Progress Energy, Inc. (Progress Energy) completed the divestiture of Progress Energy Solutions, Inc. (PES), its energy services subsidiary, to Energy Systems Group, LLC (ESG). PES had been a wholly-owned subsidiary of Progress Energy, Inc. and a sister company to Progress Energy Carolinas and Progress Energy Florida. ESG is a wholly-owned subsidiary of Vectren Corporation (Vectren) (NYSE: VVC).

The transaction was structured as a sale of all of the issued and outstanding stock of PES from a subsidiary of Progress Energy to a subsidiary of ESG. As a result of the transaction, ESG now owns PES and has changed the name of the company from PES to Energy Systems Group SE, Inc. All contracts, related obligations and employees of PES remain with Energy Systems Group SE, Inc. This includes all contracts that PES/Energy Systems Group SE, Inc. has with the State of Florida and with local government customers including Leon County.

This letter is provided for your information and does not constitute a legal opinion. However, if you have further questions about this transaction, please call me at 919/546-7501.

Sincerely,


Christopher Cox
Associate General Counsel

cc: John Bosch

Progress Energy Service Company, LLC
PO Box 100
Tallahassee, FL 32301